

DECLARATION OF JOHN G. PETERSON

FILED: 5/10/85

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2  
3 I, JOHN G. PETERSON, hereby state under the pains and  
4 penalties of perjury that I have personal knowledge of the  
5 following:

6 1. I am an attorney licensed to practice law in the State  
7 of California. I am counsel specially admitted in Oregon for  
8 the Church of Scientology of California in the case of Julie  
9 Christofferson-Titchbourne v. Church of Scientology of  
10 California et al., Circuit Court of the County of Multnomah,  
11 case #A7704-05184 ("Christofferson").

12 2. Gerald Armstrong has been a witness for the plaintiff  
13 in the Christofferson case. He testified on direct examination  
14 for two days and on cross examination for over five days. I was  
15 present during his examination, and am familiar with his  
16 testimony.

17 3. During the course of Mr. Armstrong's testimony, a  
18 video tape of Mr. Armstrong surreptitiously conspiring with a  
19 Church of Scientology staff member whom Armstrong believed to be  
20 an opponent of current Church of Scientology management was  
21 introduced into evidence and played to the jury. Also several  
22 documents in Armstrong's own handwriting were introduced into  
23 evidence.

24 This conspiracy came to light through the actions of an  
25 attorney and private investigator working in a police-sanctioned  
26 investigation to expose the conspirators. They videotaped with  
27 sound recording meetings between Armstrong and a Church of  
28 Scientology staff member posing as a disaffected member of a

1 cell known as the "Loyalists" working within the Church to  
2 covertly take over current management. Armstrong made contact  
3 with a "Loyalist" named "Joey" and explained to the conspirators  
4 plans for covertly and illegally attacking the Church of  
5 Scientology and L. Ron Hubbard. Joey and the Loyalists were  
6 created after the Church learned of Armstrong and Flynn's desire  
7 to get an inside source within the Church.

8 In the course of their contacts, the investigators were  
9 able to obtain several videotapes of conversations between  
10 Armstrong and Joey. These tapes were admitted into evidence in  
11 the Christofferson trial and transcripts of the recordings are  
12 attached as exhibits to this Declaration. This Declaration also  
13 includes data taken from written materials passed to the  
14 Loyalists by Armstrong. The documents referred to here and in  
15 some cases attached as exhibits were also presented to the  
16 Christofferson court.

17 As these materials are extremely revealing of a major  
18 conspiracy, I strongly urge the Court to read them completely.  
19 The transcripts are attached as Exhibits (A) and (B). However  
20 recognizing their length and in the interests of judicial  
21 economy, I have included highlights from these documents in the  
22 body of this declaration while enumerating the specifics of the  
23 conspiracy uncovered:

24 A. Attempting to forge documents and plant them in  
25 church files for the following purposes:

26 1) To discredit the Church's evidence implicating  
27 Flynn in the theft and forgery of a \$2,000,000.00 check from the  
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1 account of L. Ron Hubbard by means of placing pony documents in  
2 Church files.

3 2) Falsely implicating L. Ron Hubbard and Church  
4 leaders in non-existent acts against Mr. Flynn.

5 GA: That's exactly the sort...the CSW [the name given  
6 to a form of internal Church of Scientology  
7 memorandum] is the greatest weapon you guys got.  
8 You know, the CSW about the situation with the  
9 PI's given that someone is in a position that  
10 they would be doing such a thing. I think, you  
11 know, how about if I've got a letter that Eugene  
12 Ingram [a private investigator who has done  
13 extensive work for the Church of Scientology]  
14 works for L. Ron Hubbard, you know. OK. OK,  
15 then you say, well let's say you guys have the  
16 information somewhere that Brackett Denniston of  
17 the US Attorney's Office felt that this whole  
18 thing was a set up, and then you say, 'Well we  
19 can't have that problem. Here's this letter out  
20 there saying that he works for Hubbard. We can't  
21 endanger the Source [a colloquial Scientology  
22 reference to L. Ron Hubbard.] We have to act.  
23 'So, therefore here's my proposal.' And just the  
24 fact of having that goddamn proposal of some guy  
25 standing up and saying, 'I've got to defend  
26 Source,' you've got such incriminating  
27 information in the CSW, you follow? Even if  
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1 they responded at all, they're acknowledging that  
2 this is, that's true.

3 J: So we put a letter together sayin' that...

4 GA: I'm saying a CSW and you keep your copy of the  
5 CSW. They're goin' to come around hunting; "Where  
6 the fuck is it? Ah, shit, got rid of it all" --  
7 except you've made it off the property and you've  
8 got it somewhere. Type it off the property and  
9 bring it in. Never, there's no problem bringing  
10 stuff in. Right? You could bring stuff in, and  
11 maybe you can't sit at your desk and type it. I  
12 don't know, I don't know the demographics and the  
13 geographics and anything else in the place, but  
14 it seems to me that it's a much more high  
15 security deal than it was. Am I right?

16 J: Yeah, a little difficult, just, in getting things  
17 typed -- typing, you're sitting typing and  
18 typing things out...

19 GA: Exactly...

20 J: ...and someone walks in, "What's happening here?"  
21 What are you going to say?

22 GA: But just maybe that sort of stuff can be done,  
23 issues could be created, stuff can go in. But, I  
24 mean I'm not really saying create incriminating  
25 evidence of which there are no facts, you know;  
26 but just to write about the speculation.

27 [Exhibit B, Transcript of video recording, November 9, 1984,  
page 11-12] (Exhibit 3 Copy of CSW)

1 B. Orchestrating a coup within the Church to replace  
2 those individuals currently in control by getting a group within  
3 the Church to file a lawsuit drafted by Flynn designed to obtain  
4 a receivership on all properties and assets based on phony  
5 allegations -- with no factual support beyond what would be  
6 planted in Church files -- and having the newly installed junta  
7 immediately settle all of Flynn's litigation, including Gerry  
8 Armstrong's \$60,000,000.00 claim, handing over to Flynn millions  
9 of dollars:

10 GA: I don't know if it makes sense to you to sort of  
11 divide up the organization and, uh, go after  
12 people on that basis. Just so that you know,  
13 "Shit, we have this group covered," and then  
14 divide it up structurally so that you have all th  
15 various key points which have to be covered. I  
16 think that you guys will be able to take over and  
17 then use operating income to continue the battle.  
18 And that way you can secure the building, take it  
19 over, and I think that it's going to take that  
20 kind of thing....

21 [Transcript of video recording, November 7, 1984, page 11]

22 GA: You know, it could just, it could just be done.  
23 The whole...you know...take...if you guys  
24 concentrated only on the CSC..on the blue  
25 building. And divide the damn thing up and just,  
26 you know, the day that the thing happens. You  
27 know, the day that you file your complaint, then  
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1 just call everyone and say that there's a  
2 meeting.

3 [Transcript of video recording, November 17, 1984 pg. 5]

4 GA: Well, there are hundred of lawsuits; that's  
5 standardly what lawsuits are, you know, a lotta  
6 times a... lawsuits have that form. It is simply  
7 a disagreement over who has control of corporate  
8 funds. That is, that is simply the issue. They  
9 don't allege that there was any criminal  
10 misconduct or illegal use of the funds or  
11 anything.

12 M: But this is alleging that there's criminal  
13 misconduct.

14 GA: That's right and the reason for that is because  
15 with that, if you can get any of those things,  
16 then, then the court can act immediately to  
17 freeze the accounts.

18 [Transcript of video recording, November 17, 1984 pg. 18]

19 C. Suborning perjury in order to cover up this  
20 extensive criminal conspiracy and particularly in order to  
21 prevent any disclosure of Michael Flynn's involvement.

22 J: OK. Any news from Michael?

23 GA: No.

24 J: Great. I got this this is good.

25 GA: By the way, I'll never admit that anything comes  
26 from Michael, including any complaints which I  
27 may have drafted.

28 J: Why's that?

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1 GA: Because that's how I've got to approach it.

2 [Transcript of video recording, November 9, 1984, page 7]

3 GA: OK. What are our conversations, should it come  
4 down to it.

5 J: What do you mean?

6 GA: What do we talk about? You're deposed. You walk  
7 out there and there's a PI--hands you a paper  
8 saying, 'You're deposed, Jack. And not only  
9 that, you're out of the organizaton. And what do  
10 you say in deposition? 'Well, Armstrong and I  
11 talked about this and he had a whole bunch of  
12 ideas about how to infiltrate the communication  
13 lines and spread turmoil and disaster.' You know  
14 (laughs)! What are we doing here? That's my  
15 question, before I tell you my ideas on  
16 documents.

17 GA: So as far as the doc--let me just say--ah-- you  
18 and I get together --we get together because I  
19 have a goal of global settlement. You have felt  
20 that the turmoil and the abuses and so on have  
21 gone on too long. Hence, we get together and  
22 discuss things. We have not discussed anything  
23 about a destruction of the tech or that  
24 Scientology is bad, or anything like that. Are  
25 we agreed?

26 [Transcript of video recording, November 9, 1984, page 9-10]

27 The video tape evidence and cross examination testimony  
28 show clearly that Armstrong was working closely in these

1 activities not only with Michael Flynn but also with AUSA  
2 Brackett Denniston and the FBI and IRS. Indeed he claimed that  
3 he was a "federal witness" and had been offered access to a  
4 "safehouse" by the government.

5 D. Implementing a bizarre plot to entrap and destroy  
6 a senior Scientologist by means of sexual seduction and  
7 blackmail.

8 The extremes of illegality to which Armstrong was prepared  
9 to go in order to carry out this conspiracy is demonstrated by a  
10 blackmail and extortion scheme called "Long Prong" which  
11 Armstrong attempted to perpetrate. This was a plan to set up a  
12 senior Scientologist with a woman in order to upset his  
13 marriage, degrade his reputation within the Church and blackmail  
14 his cooperation in Armstrong's scheme to subvert Church of  
15 Scientology management. (Exhibit E)

16 4. The Christofferson trial is expected to end in or  
17 about ten days.

18 5. I am familiar with testimony of Laurel Sullivan,  
19 Edward Walters and Howard Schomer in the Christofferson and in  
20 the Armstrong cases. I have reviewed the official transcripts  
21 of Laurel Sullivan's deposition of May 1976 and her sworn  
22 declarations.

23 6. Looking more closely into testimony of Howard Schomer,  
24 Laurel Sullivan, and Edward Walters, there is a consistent  
25 pattern of conflicting testimony under oath. In actual fact,  
26 what has occurred is testimony from these witnesses changes to  
27 to fit their current needs or motives. Contrary statements such  
as those contained below warrant that the plaintiffs have an



1 opportunity to examine them with reference to their previous  
2 statements.

3 Edward Walters' testimony in the Christofferson case is  
4 perjurious and conflicts with his testimony in the Armstrong  
5 case upon which this Court was relying for its decision.

6 In the Christofferson case, as he did when testifying at  
7 the Armstrong trial in 1984, Mr. Walters insisted that he was an  
8 "intelligence agent" working directly for L. Ron Hubbard and  
9 Mary Sue Hubbard on the basis that he was recruited by an  
10 individual who verbally represented himself as working on  
11 matters for the Hubbards. But then under cross examination, Mr.  
12 Walters backpeddled and confessed that he never received any  
13 verbal or written confirmation of this recruitment. During the  
14 course of his testimony, it became quite clear that he was  
15 misrepresenting himself as working directly for L. Ron Hubbard.  
16 This appears to have simply been a false statement made under  
17 oath.

18 Also, under oath in the Christofferson case, Mr. Walters  
19 testified that throughout his career as a member of the Church  
20 of Scientology he never believed that he was a member of a  
21 religious organization. However, as brought out under cross-  
22 examination, he had testified under oath to the contrary as a  
23 witness against the Church in other litigation.

24 Additionally, in the Christofferson case, Mr. Walters  
25 testified that he had engaged in covert intelligence activities  
26 while in the Church. This is also contrary to previous  
27 testimony where he denied doing any intelligence activities. In  
fact, he admitted in testimony in Christofferson that he had

1 wiretapped conversations of Church executives without their  
2 knowledge or permission.

3 7. Laurel Sullivan also shows a pattern of conflicting  
4 testimony under oath for many years. For example, in Laurel's  
5 declaration of 20 August 1984 she states:

6 At all times from 1967, to November 21,  
7 1981, L. Ron Hubbard could and did assume  
8 direct and complete control over the major  
9 operations, management and administration of  
10 the Church of Scientology and organizations  
11 related directly or indirectly to the  
12 Church, including the state-named corporate  
13 entities of the Church such as the Church of  
14 Scientology of Washington, D.C., and the  
15 Church of California.

16 Yet on 5 May 1976, Sullivan stated in a deposition in  
17 Florida:

18 I do not know his opinions (L. Ron  
19 Hubbard's) on this suit, or any other suit,  
20 and I know him to be completely uninvolved  
21 in that type of thing. As far as he is  
22 concerned, Scientology can handle their own  
23 business and affairs and whatever. He  
24 personally prefers to be in a much more  
25 creative frame of mind about writing or  
26 photography or music, and has preferred to  
27 pretty much stay into the arts since he  
resigned. He has done some exploring, that

1 sort of thing. If people ask him for his  
2 opinion, he will usually say, 'Go and talk  
3 to so-and-so' or 'I am sure if you will just  
4 go into the Church, they will answer your  
5 questions.'

6 8. In the Armstrong case on June 5th, 1964 Howard Schomer  
7 testified as follows:

8 Q. Now did you take, without saying what  
9 they were at this point, did you take any  
10 materials when you left ASI?

11 A. My own possessions.

12 Q. Did you take any internal documents of ASI?

13  
14 THE WITNESS [Schomer]: Should I answer that?

15  
16 THE COURT: You have got a privilege against self-  
17 incrimination. If you think it might tend to  
18 incriminate you, you have a right to stand on that.

19  
20 THE WITNESS: I'll plead the First Amendment.

21  
22 MR. LITT: It's the Fifth Amendment.

23  
24 THE WITNESS: I do have something in my safe-deposit  
25 box back in Boulder, though.

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1 On re-direct examination in the Christofferson trial in  
2 Oregon, Mr. Schomer was read the above Armstrong trial testimony  
3 and asked by Mr. McMurry: [Christofferson's attorney]

4 Q. Now, by your answer, 'I do have something in my  
5 safety-deposit box back in Boulder, though', did  
6 you mean to convey that you had documents of the  
7 Church of Scientology of California or ASI?

8 A. I meant to at the time, yes to protect myself. I  
9 did not, though.

10 On re-cross, (in the Christofferson case) Howard Schomer  
11 was asked regarding his Armstrong testimony:

12 Q. Do I understand you to say that when you  
13 testified in the Armstrong case, in California,  
14 and you answered that you had some materials in  
15 your safe-deposit box in the bank in Boulder,  
16 Colorado, that you fully intended at that time to  
17 convey by that answer that you had documents of  
18 the Church of Scientology?

19 A. Yes, I did.

20 Q. When, if fact, you didn't have any such documents  
21 ever, say?

22 A. That is correct.

23 Q. Did you understand that you were under oath in  
24 that proceeding?

25 A. I understood that.

26 9. Prior to his testimony in the Armstrong case, Howard  
27 Schomer tried to extort \$200,000 from the Church by demanding  
that the Church pay him \$200,000 in exchange for him not

1 testifying in the Armstrong case. In the Christofferson trial  
2 on April 2, 1985, he testified about this incident as follows:

3 Q. Now, did you have a conversation with them after  
4 that phone call from Michael Flynn in which you  
5 told them that if the Church of Scientology would  
6 pay you ten thousand dollars a year for twenty  
7 years, that you would not testify [in the  
8 Armstron trial] and would not make trouble for  
9 the Church, but if they didn't you would?

10 A. Not in those exact words, no.

11 Q. You give us the words you spoke to them about  
12 compensation.

13  
14 THE WITNESS: I was joking with them and I said if  
15 they wanted to give me 200 thousand dollars, which  
16 would be approximately ten thousand dollars or twenty  
17 thousand dollars per year of my service, that maybe I  
18 might not testify in the Armstrong case.

19  
20 10. Howard Schomer has admitted in the Christofferson case  
21 in Oregon that he committed perjury in the California Armstrong  
22 case. He also confessed to attempted extortion of the Church as  
23 described above.

24 11. At the conclusion of Howard Schomer's testimony in the  
25 Christofferson Case where he admitted to giving false testimony  
26 in the Armstrong trial, Church counsel requested that the Judge  
27 allow a copy of the transcript (which has been under a sealing  
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1 order) be submitted to the Armstrong trial judge for his  
2 review. This was granted.

3 I declare under penalty of perjury that the foregoing is  
4 true and correct. Executed this 17th day of April, 1985 at Los  
5 Angeles, California.

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13 JOHN G. PETERSON  
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